

R AT OPP R T AT NN U E The 2002

EXERCICE CLO S The E 31 M AT RS 2003

CODE FR0004031839



"International Official Licensee
in the field of leisure
following brands "



Smith & Wesson®



TANFOGLIO®



KALASHNIKOV



FAMAS



SIG SAUER



Auto-Ordnance Corporation



ATTENTION

The undersigned, William M. Keys, Chief Executive Officer of "Colt's", a Delaware corporation with a place of business at 301 North Avenue, New York, New York 10017, hereby declares that:

"Colt's" owns and controls the exclusive right to license the "Colt's" trademarks and logos and the trade dress of all its firearms (the "Property").

No third parties may use the Property without authorization.

SP S.A. Les Trois Pylones ("TP"), Créteil, France, and Colt's have entered into a Master License Agreement, dated 28th January 2000, pursuant to which TP is the exclusive worldwide licensee of the Property in relation to the manufacture, distribution, and sale of soft air guns subject to the terms and conditions therein.

Pursuant to the Master License Agreement, TP has the right to enter into sub-licensing agreements authorizing other entities to use the Property in and in relation to soft air guns.

Pursuant to the Master License Agreement, TP has the right to take legal action, in jurisdictions where this would be permissible, against potential infringers of the Property, including prosecuting claims against third party infringers.

By: *William M. Keys*
Name: William M. Keys
Title: Chief Executive Officer
Date: 29/01/99



To whom it may concern

For water cannons and US 12000 PYLONS S.A. having its principal office at 10 rue Jean-Léonard, Roubaix, 59100 ROUBAIX, France, in the above and worldwide exclusive licensee of the TROIS PYLONS and trade dress of Les Trois Pylones.

Paris, 22/02/1999

ARMAS TROIS PYLONS S.A.
10, rue Jean-Léonard, 59100 ROUBAIX, FRANCE

By: *Michel Lalle*
Name: Michel Lalle
Title: President
Date: 29/01/99



ATTENTION

The undersigned, Mr. Michel Lalle, President, and Mr. Richard Meyer, Managing Director of S.A.T. Desert Arms Technology A.S., a Danish Corporation with a place of business at Søndervang 12, DK-8360 Ege, hereby declares that:

S.A.T. owns and controls the exclusive right to license for commercial purposes worldwide the trademarks, logos and the trade dress of all following firearms: Sauer, Big Game Big Plus, Dakota, Sauer, Sauer (the "Property").

No third parties may use the Property without authorization of S.A.T.

CYBERGUN S.A., SP Les Trois Pylones (TP) CYBERGUN, Bordeaux, France, and S.A. have entered into a Master License Agreement, dated October 1st, 2001, pursuant to which CYBERGUN is the exclusive worldwide licensee of the Property in relation to the manufacture, use and sale of gun replicas, i.e. (i) shooting replicas of weapons, or (ii) electronic games, software, or hardware, containing representations of firearms replicas.

Pursuant to the Master License Agreement, CYBERGUN has the right to enter into sub-licensing agreements authorizing other entities to use the Property for said goods.

Pursuant to the Master License Agreement, CYBERGUN has the right to take legal action, in jurisdictions where this would be permissible, against potential infringers of the Property, including prosecuting claims against third party infringers, all in connection with the above-mentioned goods.

By: *Michel Lalle* *Richard Meyer*
Name: Michel Lalle Richard Meyer
Title: President Managing Director
Date: 29/01/99

S.A.T. Desert Arms Technology A.S. Søndervang 12 DK-8360 Ege Denmark
S.A.T. Desert Arms Technology A.S. Søndervang 12 DK-8360 Ege Denmark
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S.A.T. Desert Arms Technology A.S. Søndervang 12 DK-8360 Ege Denmark



ATTENTION

The undersigned, John A. Davis, Director of Licensing and Merchandising of Smith & Wesson Corp., a Delaware corporation with a place of business at 2100 Townsend Avenue, Springfield, MA 01106, hereby declares that:

Smith & Wesson owns and controls the exclusive right to license for commercial purposes worldwide the Smith & Wesson trademarks and logos and the trade dress of all of Smith & Wesson guns, pistols, and other firearms (the "Property").

No third parties may use the Property without authorization.

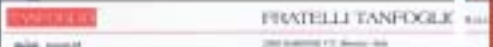
SP S.A. Les Trois Pylones ("TP"), Créteil, France, and Smith & Wesson have entered into a License Agreement, dated 17 January 2000, pursuant to which TP is the exclusive worldwide licensee of the Property in relation to the manufacture, distribution, and sale of soft air guns subject to the terms and conditions therein.

Pursuant to the Master License Agreement, TP has the right to enter into sub-licensing agreements authorizing other entities to use the Property in and in relation to soft air guns.

By: *John Davis*
Name: John Davis
Title: Director
Date: 29/01/99



Les Trois Pylones
Créteil, France
Master License Agreement
17/01/2000



ATTENTION

The undersigned, Massimo Tanfoogle, Director of Fratelli Tanfoogle S.p.A. ("TANFOOGLE"), an Italian Corporation with a place of business at Via Varesina, 30/41 - Gardone V.T. - 24010 Gardone, hereby declares that:

TANFOOGLE owns and controls the exclusive right to license for commercial purposes worldwide the TANFOOGLE trademarks and logos and the trade dress of all of TANFOOGLE's guns, pistols, and other firearms (the "Property").

No third parties may use the Property without authorization.

SP S.A. CYBERGUN Les Trois Pylones ("TP" CYBERGUN), Bordeaux, France, and TANFOOGLE have entered into a Master License Agreement, dated September 1st, 2001, pursuant to which TP CYBERGUN is the exclusive worldwide licensee of the Property in relation to the manufacture, distribution, and sale of Model guns, Toy guns and Soft Air Guns, consisting in or using replicas of weapons, or (ii) electronic games, software, or electronic toys containing images, representations, figures, drawings, or assemblies of firearm replicas.

Pursuant to the Master License Agreement, TP has the right to enter into sub-licensing agreements authorizing other entities to use the Property.

Pursuant to the Master License Agreement, TP has the right to take legal action, in jurisdictions where this would be permissible, against potential infringers of the Property, including prosecuting claims against third party infringers.

By: *Massimo Tanfoogle*
Name: Massimo Tanfoogle
Title: Director
Date: 31/08/98



ISRAEL MILITARY INDUSTRIES LTD. SMALL ARMS DIVISION

November 18, 1998

Mr. Michel Lalle
Les Trois Pylones
4 Rue Jean-Jacques Rousseau
Parc des Rades
91190 Gissy
France

We would like to congratulate Les Trois Pylones upon becoming the worldwide master licensee for the UZI trademark for soft air guns, following a licensing agreement with UZI BRANDS INTERNATIONAL, the UZI licensing company.

Mark J. Davis
Marketing Director
Small Arms Division



MAGNUM RESEARCH, INC.
7110 UNIVERSITY AVENUE N.E.
MINNEAPOLIS, MN 55432
U.S.A.

FACSIMILE TRANSMITTAL SHEET

TO: Mr. Thierry Naccache
FROM: Mr. Doug Evans
DATE: 07/16/99
FAX NUMBER: 612-574-0109
FAX NUMBER: 612-574-1868 or 800-772-6168

Subject: Trademark and Trade Dress

Dear Mr. Naccache,

"ATTTESTATION"

Magnum Research, Inc., which headquarters are located 7110 University Avenue N.E., Minneapolis, MN 55432, USA, accepts that Les Trois Pylones, a Company registered in France, holds an exclusive license for the use of the Trademark and Trade Dress "Desert Eagle" as it applies to Desert Eagle air pistol replicas worldwide.

By: *Doug Evans*
Name: Doug Evans
Title: President/CEO



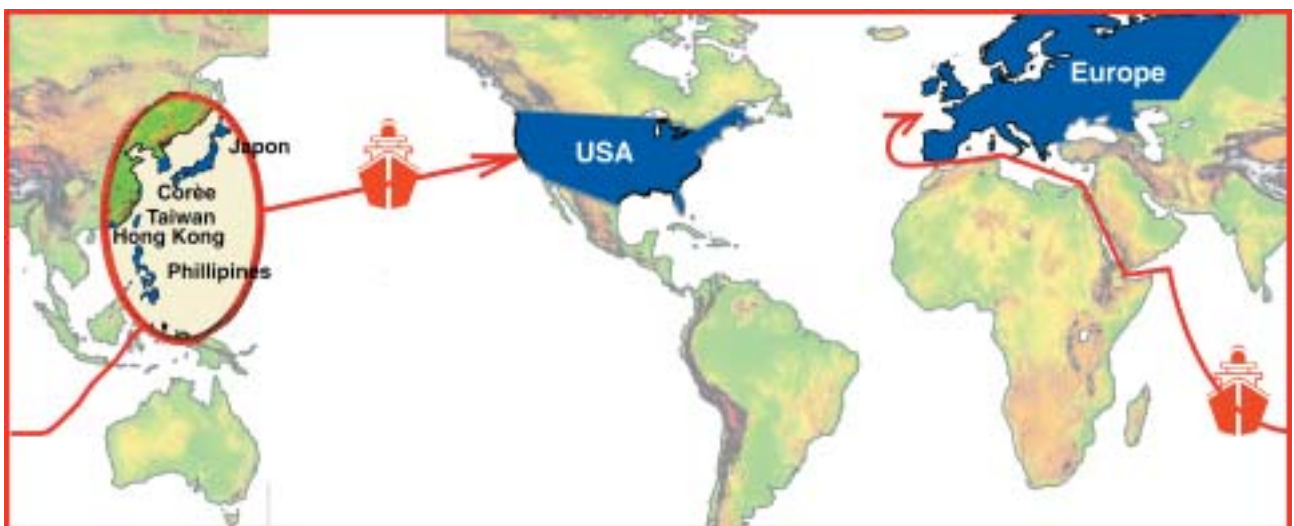
880 m. offices



MT KALASHNIKOV and J. MARSAC (CEO Cybergun) signed an exclusive worldwide license on 11 June 2003 in Bondoufle (17.license Cybergun SA).

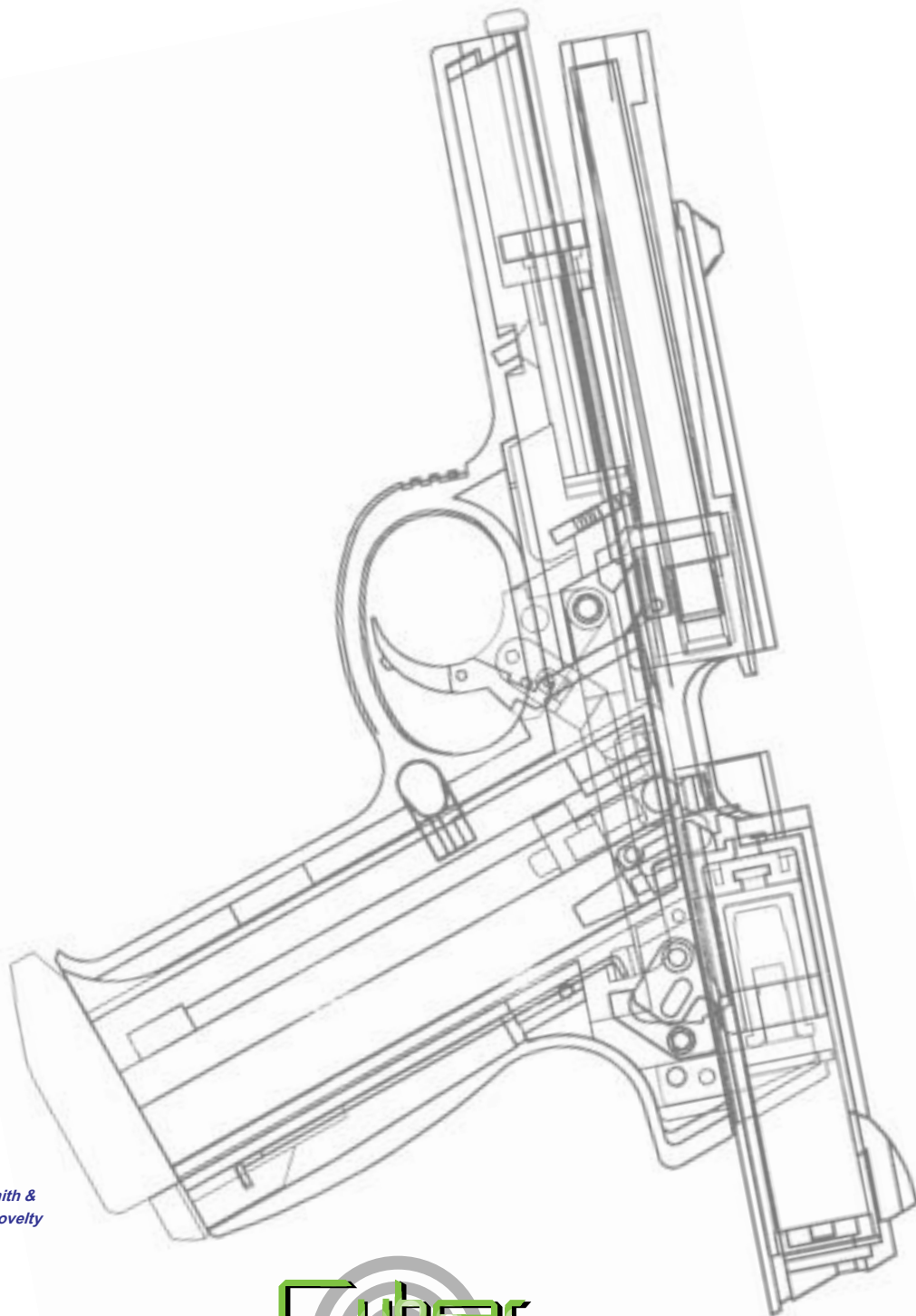


Order picking by "picking" on dynamic rails (Bondoufle investment in late 2000)



the flow of goods 2800 m. warehouses

BRIDGE TREP
FR0004031839 CODE CODE
CODE REUTER 3P.PA



*Technical Scheme of Smith &
Wesson® SIGMA 2002 novelty*



CYBERGUN - ZI Les Bordes - 9-11, rue Henri Dunant
91070 Bondoufle - France

Such. : (33) 1 69 11 71 00 - Fax: (33) 1 69 11 71 01

Web: www.cybergun.com - Email: infos@3psa.com

RC PARIS B 337 643 795

Message from the President



Dear Shareholders,

In 2002, Cybergun has decided to focus its efforts on several fronts: industrial, financial and marketing.

Your company has invested heavily in research and development, with priorities the improvement and reliability of products and the realization of innovations (pistols with integrated power boost) purchase of new molds to expand the range (Thompson Smith & Wesson Sigma, Walther TPH) and creation of new attractive packaging (DPMS Panther, Sig Sauer, Thompson, Colt M16 ...).

In July 2002, to finance its efforts Cybergun enters the second market of Euronext. It is in a market context very agitated that the capital increase, with 180 000 shares in AAR ceiling 11.91 Euro is successful on 5 July. This has monopolized the leaders for months, but has enabled your company to return to a better ratio lies indebtedness / equity. The gearing ratio stood at 48.16% today, an improvement of 50 points compared to the situation on 31 March 2002. Thus, Cybergun is equipped to face the strong developments in recent months.

Against all odds, this period marked the beginning of a general wait-and in all economic agents wait reinforced by the reluctance of their financial partners. This has particularly affected the areas where your company was strongly present: France, Belgium, the United Kingdom, but also the video game industry (sales Cybergun video games divided by 4!).

In addition, the sharp and unexpected depreciation of the US dollar, which now represents 60% of billings, impacted on **turnover, margin and profit during this period. Indeed, the dollar rose to 0.8780 against the Euro 1 1st day of the year (ie 1st April) to 1,087 against 1 Euro the last days of the year, a depreciation of nearly 24%. However, the marketing efforts of 2nd half of 2002 are beginning to bear fruit in terms of new accounts and new markets. The Eastern Europe wakes up (Romania, Hungary, Turkey, first contacts in Russia), but especially the US market explodes. Indeed, the USA, with 2,939,487 dollars in billings, up on 2002, 24% of sales with a growth rate of 300%. The first months of the year has just begun reveal a quadrupling of capacity in 2003. Cybergun also took this year 2002 to negotiate new licensing agreements with DPMS and Eric Grauffel. Your company also completed long negotiations with the Russian brand best known in the world, which led in June 2003 on the signing by Cybergun a license agreement with Michael Timofeievitch KALASHNIKOV. Army today 18 global exclusive licenses Cybergun serenely plans to conduct in 2003 20 million Euro turnover, accompanied by 8% of net income, thanks on the one hand, the strong growth of sales in the US, and, secondly, to the resumption of normal activity in Europe, the first fruits are already being felt in recent days. Indeed, the April 2003 billings compared to the same period last year were up secondly, to the resumption of normal activity in Europe, the first fruits are already being felt in recent days. Indeed, the April 2003 billings compared to the same period last year were up secondly, to the resumption of normal activity in Europe, the first fruits are already being felt in recent days. Indeed, the April 2003 billings compared to the same period last year were up**

66.12% than in May rose by 67.40% and it already seems clear that in June will have the same profile.

Therefore it is proposed to your assembly to vote the fifth resolution approving the payment of a dividend of 32 Euro cents, together with a tax credit of 16 Euro cents, a total dividend of 48 Euro cents share, which represents a total of 1,046,400 Euro, re CONT-840 000 Euro in 2002, up 20% on last year. In addition, for the first time, Cybergun offers your choice to receive 60% of this dividend of shares, for the cons-value of 90% of the average of the last 20 trading days preceding the General Meeting.

It is therefore with serenity and with your trust and loyalty that Cybergun advance, I thank you.

A handwritten signature in black ink, appearing to read 'J. Marsac', written over a horizontal line.

Jerome Marsac,
CEO Cybergun SA

Company Background

In 1983 Jérôme Marsac, enthusiast models, created with Vincent Bouvet his own company: CIMB - Commercial and Industrial Marsac Bouvet - import and distribution business models and radio-controlled models from specialist dealers. With a meteoric rise in business (a business volume of 47MF in 1990 with a workforce of 30 people), and expansion of the range, CIMB quickly became a "leader" in the market for dynamic models in La France. She JOUEF interests the group, national manufacturer of model trains, which it was sold in 1991 for \$ 9 million francs.

At the same time, the company "The Three Towers" was created in 1986 for business models "ready to fly" (as opposed to the kit). She gradually develops its activity (10 MF turnover in 1990), expands its range of models and became in 1993 an import company and distributor of original products ...: Air Soft Gun®, replica pistols dummy projecting plastic beads 6mm. Low power and therefore harmless, these copies of weapons with multiple reproduction capabilities are reserved for adults only.

The company then became an SA sign in 1997 his first European exclusive license agreement (today expanded the world) with Smith & Wesson®. This contract enables the import and distribution of brand models whose intellectual property rights are guaranteed. Other major defense names (COLT®, WALTHER®, GIS SAUER®, TAURUS®,

IMI (UZI®), Desert Eagle™ FAMAS, Tanfoglio, MAUSER, THOMPSON, AUTO ORDNANCE ...), aware of the challenges it represents, do not hesitate to follow suit (see certificates inside front cover).

"The Three Towers" quickly becomes global market leader of the exact replica pistol licenses. Most of the brands owned by 3P knowing unparalleled reputation, guarantee the company a success story. Between 1996 and 1999 the turnover increased by 400%.

And on 9 December 1999 between the Company on the open market of the Paris Stock Exchange, Sicovam code 7456.

At the beginning of 2000, 3P signs an exclusive worldwide license agreement with Colt® **on the brand and all of its models (including video pistols). TAURUS® and Desert Eagle™ are soon to follow.**

In September 2001, 3P SA became Cybergun SA; 2001 was also the year of the first new orders in the USA. In 2002, the US market is taking off, and will represent the end of the fiscal year (ended March 31, 2003) 24.1% of total sales Cybergun (33.3% of exports). In Europe, sales continue, with the conquest of new markets, particularly in Eastern Europe is, and signing new licenses with stakeholders in the Japanese market.

On 5 July 2002, in a difficult market environment, Cybergun managed his transfer to the second market of Euronext.

**An experienced team,
with a very strong complementarity:**



Jerome Marsac
President and CEO
*ODP Insead Fontainebleau 1995/1996 Master of Business
Administration, San Francisco 1993*



Thierry Naccache
Chief Operating Officer
*Master of Business Administration, San Francisco, 1993 DESCAF,
Ceram - Sup. Co Nice Sophia Antipolis, 1985*



Vincent Bouvet
Head of Legal and Social
Law degree



François Rabazzani
Administrative and financial director
Decs (accountant)



Lucile Marsac
Communication
*Master of Business Administration, San Francisco 1993 graduate of
the Free Institute of International Relations Studies, Paris, 1992*



José Rosas
marketing
DEUG Economics



Marc Courcelle
data processing
Apple Technical Services Modules



Olivier Gualdoni
Export
*DESS Marketing
Master Physics*



Jean Pierre Glasse
Sales in France, Belgium



Keisuke Taketomi and Nicole Huang
Sales and Purchase Asia



Armen Ekmekdjie
Multimedia
*A graduate of the Free Institute of International
Relations Studies, Paris, 1992*



Jean Louis and Michel Lorient Moili
Inventory and Logistics
Micro BTS Mechanics



Claudine Puyo and Sylvie Durand
Accounting
*BTS Management Accounting
Accountants Financial Studies*

The Air Soft Gun®: the heart of the leisure civilization

Plastic or metal, Air Soft Gun® plan plastic beads with a power of less than 0.5 joules, thus ensuring perfect safety. The price range of the products, manufactured exclusively in Asia (Taiwan, Japan, South Korea and the Philippines), extends from 15 to 500 Euro with an average price below 60 Euro.

The 4 markets Cybergun:

1. outdoor sport: excellence in leisure product, providing real sensations through optimal precision shooting, Air Soft Gun® attract shooters both amateur and professional.
2. videogames: by offering exact replicas of the original weapons including the last multimedia technologies enabling the use of the model on a video screen, Cybergun has in this market with a powerful competitive advantage.
3. Collectors: attracted to the accuracy and authenticity of replicas at a cost quite reasonable, they are for Cybergun loyal customers.
4. Fans of big screen: Cybergun has a special promotion through regular output action movies where guns are important ("The Matrix," "Lethal Weapon," "James Bond" etc. ...).

An efficient distribution network:

Cybergun has chosen to concentrate its actions on wholesalers and independent retailers, spread throughout Europe and the USA.

To develop these markets, Cybergun has launched the "windows contracts" (over 240 to date): provision of a window adapted to the presentation of exceptional payment products and deadlines. Their success is obvious since on average observed a doubling of sales per outlet following the accession to this commercial offer. More than 30 stores have also become "corners", devoting most of their surface to Air Soft Gun® in return for substantial support Cybergun (free availability of several windows, advertisements

in national journals, payment facilities) In Europe, Cybergun working with reliable partners, often exclusive, and sometimes bound by a purchase contract for the year (Sportsmarketing UK, AB background Products in Sweden).

A global market:

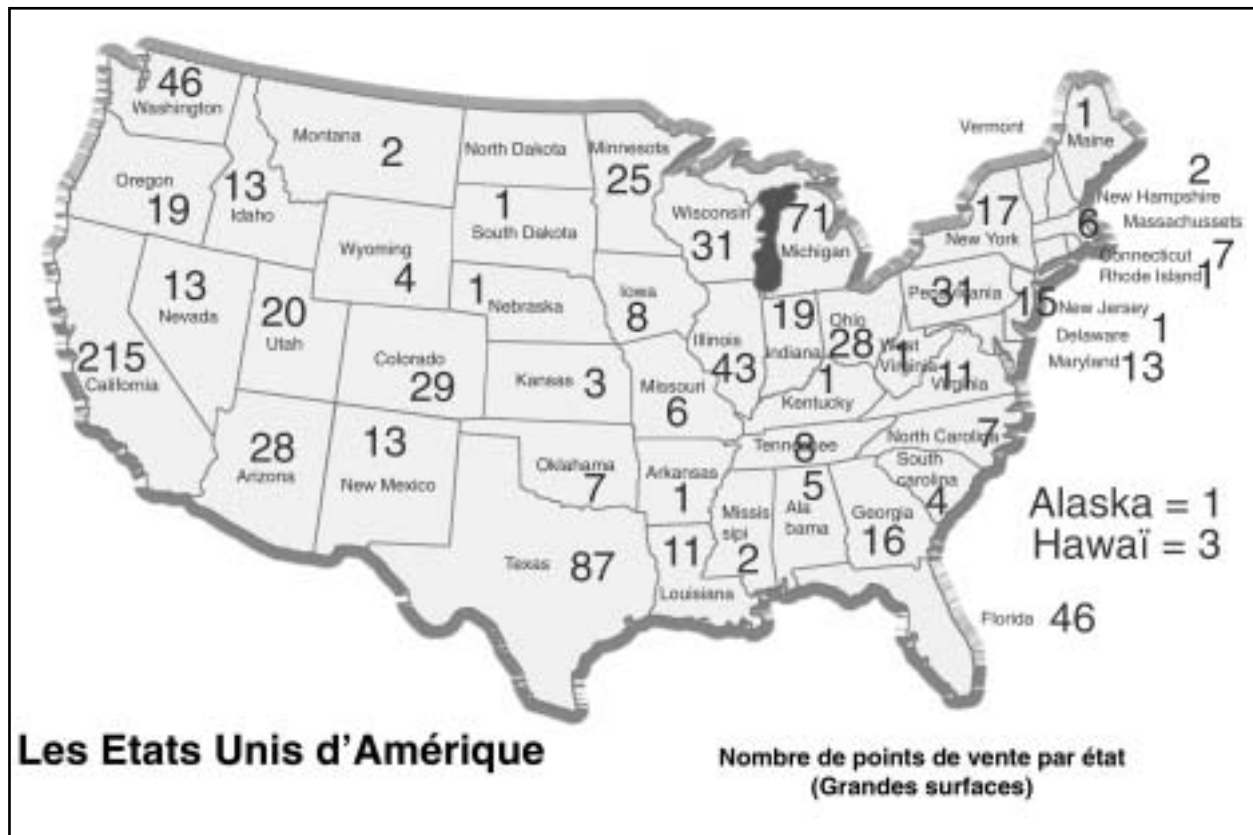
Already firmly established internationally (73% of sales in over 20 countries), Cybergun has two key markets outside France. 1 - Agreements in Asia: Cybergun signed for the first time in December 1999, three agreements sublicense with independent Japanese producers that give them the right to manufacture and distribute some of the brands which owns the license Cybergun.

Today, 30 agreements were signed, in Japan, in Korea but also in other Asian countries. Thereof allow beneficiaries to market legally Air Soft Gun® on the Asian market, opening Cybergun a considerable market. 1 - The American presence: Cybergun developed there for 4 years now through a company - "Airsoft USA" - responsible for the organization and distribution of its products on the American continent. After 18 months of study for application of its rights and the upgrading of its products, SOFTAIR USA in 2001 took its first orders from domestic wholesalers (RSR Accusport,

VALOR, Electronic Boutique ...).

Today, the customer SOFTAIR USA has expanded portfolio with more than 1,000 outlets covering virtually throughout the US (see below cons).

Large retail chains "outdoors" have now set up a permanent SOFTAIR radius between the radius and the Paintball Gun beam lead. With 63,500 dealers in the US, the potential turnover in this market is enormous.



Cover of US territory by Cybergun®

Established for nearly 4 years in the US, Cybergun now knows there an undeniable success with 1,000 points of sale, covering almost all of the territory.

In 2002, the turnover generated across the Atlantic represents a third of total export Cybergun. The US market becomes the first market Cybergun, and growth seems to be confirmed in the first months of 2003.

A promising future

Legal expertise in licensing department

The licenses brands and models are gradually supplemented to be extended to video games (Smith & Wesson®, GIS SAUER®, UZI®) and lead to guns (UZI®, Tanfoglio®)

The number of sub-license agreements is growing, particularly in Asia, global exclusive licensing is the engine of development.

Cybergun now reaping the fruits of his actions, which generated heavy loads in the past (legal fees, travel ...), however, non-recurring expenses.

These actions constituted:

1. A permanent expansion of the license portfolio: brands, object, territories, period ...
2. An active policy of deposits and brand protection
3. implementation of customs supervision in several European countries
4. Litigation start against pirates, based on the new European regulation, which defines the goods "pirates" to infringe either a trademark or a model or a patent or copyright.

This major offensive means:

Immediate results: Examples: In Denmark: a counterfeiter was seized. The procedure was concluded by a transaction

which infringer recognized the rights of Cybergun, pledged not to violate, paid the costs and compensated Cybergun. 2 new foreclosures have occurred since.

In Switzerland: the stock of an infringer was seized. The procedure was concluded by a transaction in which the infringer has recognized the rights of Cybergun, and pledged not to violate. He paid court fees, compensated Cybergun, and he finally withdrawn.

induced results:

Counterfeiters now aware of the intellectual rights of Cybergun, and protection that Cybergun intends to make its rights become much more timid, gradually giving way to the official distributors of original products. These market share gains, combined with increased credibility with subcontractors enable Cybergun to get these exclusive manufacturing. Thus, the subcontractors do not supply the pirates, but only Cybergun, for higher quantities and thus at tariffs now much more favorable.

Another consequence of the recognition of the importance of intellectual rights Cybergun: sub licenses are more numerous, increasing the Cybergun income. The owners of the rights associated with the success of the sub-license, lend their support to legal Cybergun.

The success the corners of the policy:

The success of "showcases contracts" signed with distributors, was born the political corners. In partner stores

the corner allows

present in its full range environment, relatively low costs. Today, 34 corners are already open in Europe, demonstrate innovative marketing that has attracted the distribution.

Emerging developing markets

* Film professionals are in AIR SOFT Gun® a unique product allowing them to significantly reduce security-related investments on film sets or when promoting a film.

Note that the release of new films is a constant source of free advertising for Cybergun. For example: "The Road to Perdition," starring Tom Hanks, and the famous gun camembert AL Capone, you can admire its reproduction Airsoft below.

* The low cost of SOFT AIR Gun® compared to real weapons make, also a possible substitute for professionals within the workouts fun, because it is better suited than paintball (gendarmarie, police ...).

Video games: the excitement of a new niche

Cybergun could sign several exclusive license agreements with Colt® brands, Desert Eagle™, (the famous gun of Lara Croft), Smith & Wesson®, Walther®, Sig Sauer® Mauser, UZI®, Tanfoglio®, Thompson® Driving Ordnance®, reflecting the strategic commitment to strengthen its position among distributors video games. There are in Europe more than 5000 stores video games on lequels the appearance of Air Soft Gun®, recent, is already a great success with a younger audience, eager for novelty. By diversifying its activities, Cybergun should enjoy the leisure market boom.

Thompson®

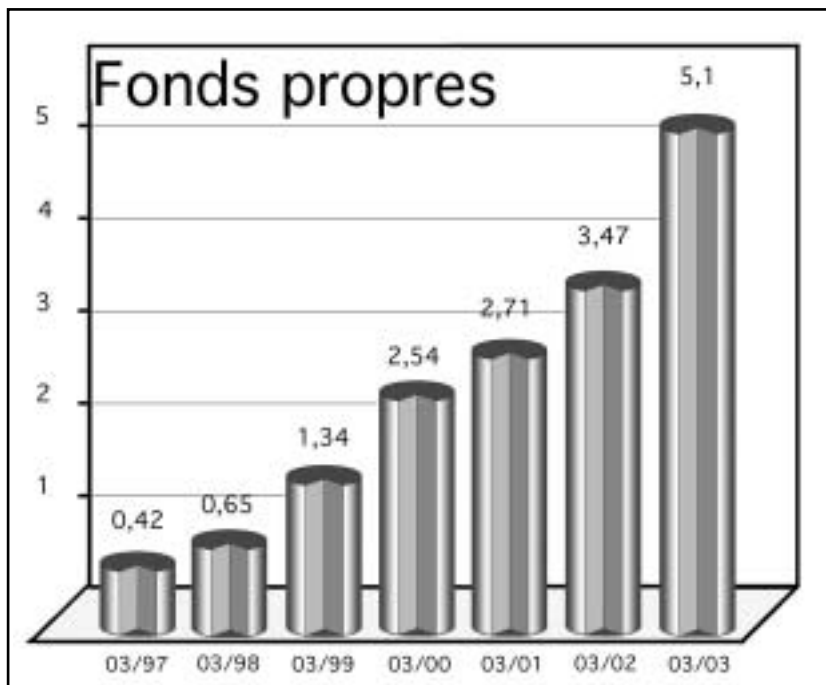


Thompson 1928 Drum Rifle

Analysis of activity

1

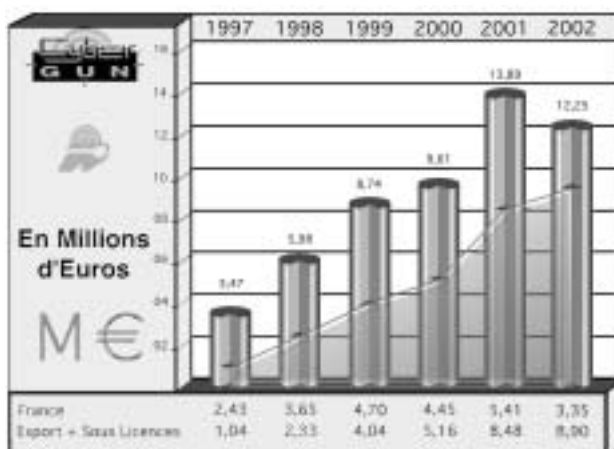
Evolution of Capital:



The Own Funds were multiplied by 12 in 6 years.

2

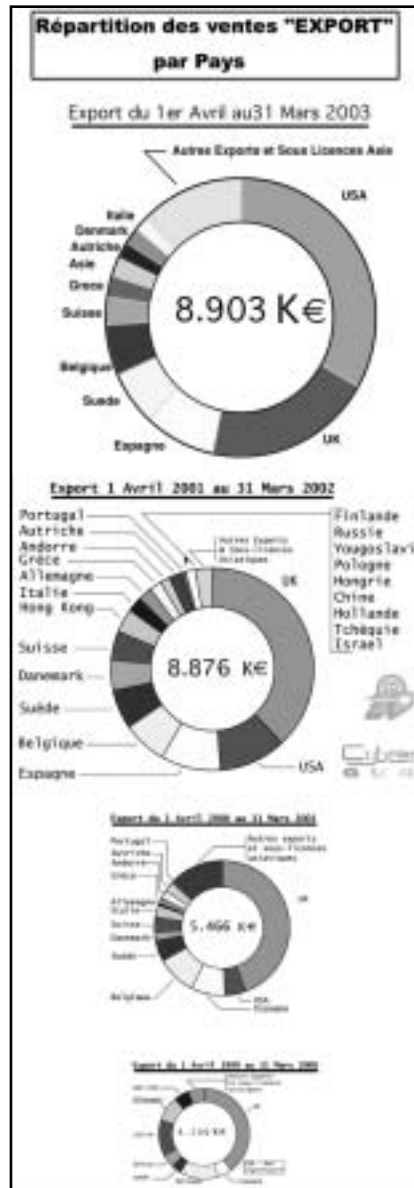
Sales Evolution 1997-2002



The annual turnover has increased 8 in 6 years (since 1996), but nevertheless recorded a decline in 2002 to 12,253,592 euro. In order to develop a strong organic growth, it was indeed necessary to Cybergun invest both financially (on the Second Marché of Euronext July 5, 2002) and marketing (new packaging, international exhibitions, expansion of the customer wallet across the Atlantic) and industrial (development of new products, buy new molds etc ...).

Distribution of revenue

The evolution of the last 3 years appears clearly favorable for export, which represents 73% of sales in fiscal 2002 (ended March 31, 2003).



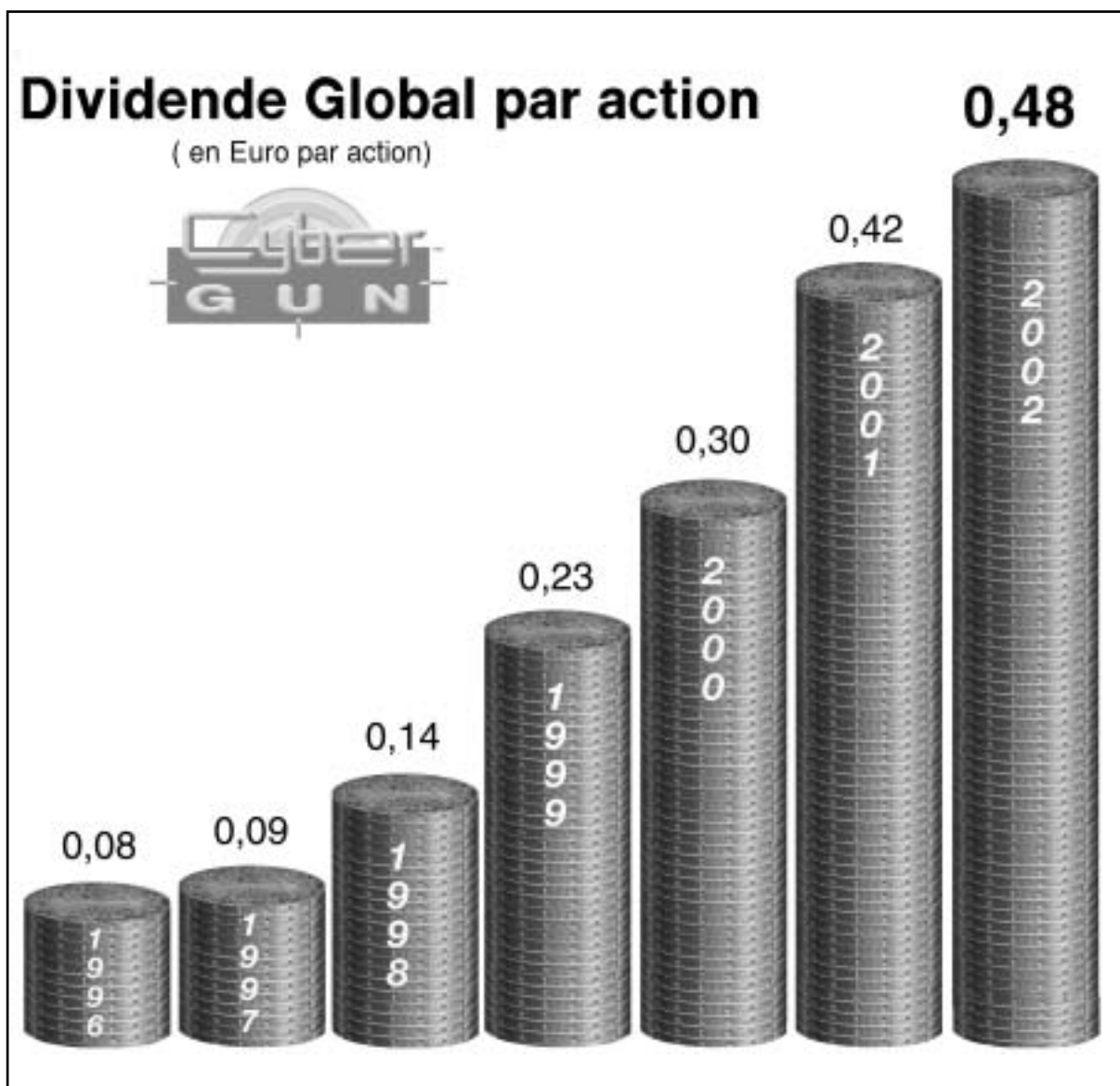
The upward trend of export turnover continues on three major areas:

* Portfolio Enlargement customers in Europe, including in the Eastern Crescent (Russia, Hungary, Poland, Romania, Turkey), facilitated by the hiring of young talents specialized in these territories.

* Explosion of sales in the US, with 56 independent representatives, supervised on site by Eric Duchange (San Francisco) and Eric Gautier (Miami) to SOFTAIR USA, which has delivered more than 1000 point of sales.

* Collection of income sublicenses in Asia (26 contracts signed to date).

Evolution of dividends for 6 years:



The amount of dividends paid has increased steadily since 1996 and has multiplied by 6 in 6 years. For the year ended 31 March 2002, the gross amount of the dividend - which will be submitted for your approval at the General Meeting of June 24 - will amount to 0.32 Euro, together with a tax of 0, 16 Euro, a total dividend of 0.48 Euro, an increase of 15% over the previous year.

Stock information:

a) stock price performance from July 2002 to June 2003:

In 2002, in a very pessimistic context, your Cybergun share were pretty well behaved, pretty sticky near the benchmark of the second market. The stock reached its low of 5.20 Euro March 17, 2003, to close at 6.75 Euro at the end of the year (31 March 2003).



b) More information?

Wishing to maintain a real contact with its shareholders, Cybergun regularly sends information about the course of action, the articles in the financial press, or new products.

To receive more financial or commercial information:

- by Internet : www.cybergun.com
- by email : infos@3psa.com (Commercial information)
Lucile.marsac@3psa.com (financial information)
- call: Lucilia Marsac: (33) 6 72 79 79 05
- by mail : Lucile Marsac - Cybergun SA - BP87 91072
BONDOUFLE cedex - France

Your opinion interests us !

Ladies and Gentlemen,

1: ORDINARY GENERAL MEETING:

You are gathered for their annual meeting in order to approve the financial statements for the twelve months ended 31 March 2003.

All corporate documents have been communicated or made available to the conditions and limits provided by law.

KPMG and Fidelio company, auditors, you will also read their reports.

On 4 July 2002 the company changed its stock market by Free Market transfer operation on the Second Marché of Euronext.

1-1: Review of the status of the company:

1-1-1: Consolidated financial statements:

During the year ended 31 March 2003, the CYBERGUN group achieved a consolidated turnover excluding taxes of 12.25 million euros, down 11.54% over last year.

The consolidated group is as follows:

- CYBERGUN SA
- Microtrade (consolidated)

In 2002, Cybergun your company decided to focus its efforts on several fronts: industrial, financial and marketing.

Your company has provided a major effort in the context of research and development, and on improving the reliability of products, and on achieving innovations guns with integrated power boost, buy new molds to expand range: Thompson, Smith & Wesson Sigma, Walther TPH, new packaging (DPMS Panther, Sig Sauer, Thompson, Colt M16 ...)

In July 2002, to finance its efforts Cybergun enters the second market of Euronext. It is in a market context very agitated that the capital increase, with 180,000 shares placed during 11,91 Euro, is successful on 5 July. This has monopolized the leaders for months, but has allowed Cybergun back to a better ratio debt / equity. The gearing ratio is set at 48.16% today, an improvement of 2 percentage points compared to the situation at 30 September 2002. Thus Cybergun is equipped to face the strong developments of recent months. Against all odds, this period marked the beginning of a general wait-and in all economic agents wait reinforced by the reluctance of their financial partners. This situation has affected particularly the areas where Cybergun was strongly present: France, Belgium, the United Kingdom, but also the video game industry (sales Cybergun video games divided by 4!). In addition, the sharp and unexpected depreciation of the US dollar,

now represents 60%

billings, impacted heavily on turnover, margin and profit during this period. Indeed, the dollar rose to 0.8780 against the euro 1 1st day of the year (ie 1st

April) to 1,087 against 1 euro the last days of the year, a depreciation of nearly 20%. However, the marketing efforts of 2nd half of 2002 are beginning to bear fruit in terms of new accounts and new markets. The Eastern Europe wakes up (Romania, Hungary, Turkey, first contacts in Russia), but especially the USA explode. Indeed, the USA, with 2,939,487 dollars in billings, up on 2002, 24% of sales with a growth rate of 300%. The first months of the year has just begun reveal a quadrupling of capacity in 2003.

Cybergun has also benefited from this exercise 2002 to negotiate new licensing agreements with DPMS and Eric Grauffel. Your company also led to long negotiations with the Russian brand best known in the world: indeed the beginning of June 2003, Cybergun could sign a license agreement with Michael Timofeievitch KALASHNIKOV.

Thus, the consolidated operating profit for the year

amounted to 386,754 euro 1,867,134 euro against the previous year.

Due to a negative consolidated financial result (136,069) euro, the resulting current consolidated pre-tax is 250 685 euro, against 1,713,728 euro last year. After taking into account a tax on profits of

93,076 Euro, consolidated net income group share came to 310 406 euro, against 1,158,372 euro for the previous year.

1-1-2: Financial statements:

During the year ended March 31, 2003, the Cybergun company achieved sales excluding taxes 12.25 million euros, down 11.54% over last year.

The operating profit amounted to 427 434 euro against 1,751,456 euro for the previous year. The profit before tax of Euro 253,173 against Euro 1,726,446 last year. After taking account of income tax of 99 768 euro, net income was Euro 319,100 against Euro 1,303,582 for the previous year.

1-1-2-1: Company activity in research and development:

The expenditure on research and development amounted to 78 873 euro in 2002 and led a 39,436 euro tax credit.

1-1-2-2: Significant events since the end of the current fiscal year:

Subsequent to the closing of accounts, we received a response from the Commission of charge Use of Social Security. It does not bring any new element, we have maintained our position of not provisioned the sum involved.

We also decide not to fund a tax penalty for failure to tax clearance certificate from our licensors.

1-1-2-3: Developments and Prospects:

Armed now 17 worldwide exclusive licenses Cybergun serenely plans to conduct in 2003, 20 million turnover, together with 8% of net income, thanks on the one hand, the strong increase in sales USA, and, secondly, to the resumption of normal activity in Europe, whose premises are already being felt in recent days. Indeed, the April 2003 billings compared to the same period last year grew by 66.12%, those of May growth

67.40% and it already seems clear that in June will have the same profile.

1-1-2-4: Profit allocation proposal:

It is proposed to allocate the net profit for the year, amounting to 319,100 euro, increased retained earnings of 56,136 euro and other reserves of

2,132,133 euro, amounting to 2,507,369 euro, as follows:

- 10,519 euro to the legal reserve account
- 1,748,800 euro account "other reserves"
- 697 600 euro dividend, net 0.32 euro / share involves a tax credit of 0.16 / share
- 50,450 euro to the account "retained earnings" The dividend will be payable as from 24 September 2003.

1-1-2-5: Executive compensation:

During the twelve months ended March 31, 2003, executives received the following remuneration:

- M Jerome Marsac, CEO: 18 293 euro
- Mr Thierry NACCACHE, Deputy CEO: 17,857 euro

1-1-2-6: Offices held by directors in other companies:

• Jérôme Marsac, CEO, holds the following positions:

- President of the SA CYBERGUN, 11 rue du Petit Pont, 75005 Paris.

- Manager of Sarl Microtrade, 3 Rue des Foyers, L-1537 Luxembourg

- Manager of Sarl JUILLARD 9-11 Henri Dunant, 91070 Bondoufle.

- Administrator of the Local Savings Company of Mayenne 8 Street Brea
44000 Nantes.

• Jean-Marc Azoulay, director, holds the following positions:

- Director of SA TRAVELIA, 2 rue Alfred de Vigny, 75008 PARIS

• Mr. Eric Gruau, director, holds the following positions:

- Director of SA FIB, ZI Route de Rennes, 53940 ST BERTHEVIN

- Administrator SAGVS, ZIS Bd Pierre Lefaucheux
- 72000 LE MANS

- Director of SA PICOT, 18 rue de Prony, ZI 2, 37300 JOUE LES TOURS

- Administrator of the Local Savings Company of Mayenne

- Manager of SARL GRUAU POLSKA Gmina Daszyna 29 A - 107 99- Gmina Daszyna

- Chairman of the Board of Directors of SA GRUAU BENELUX Industrial
Boulevard, 135 - 1070 BRUSSELS

It is specified that the dividends distributed for the three previous years were as follows:

Year	Number of shares	Net Dividends Per share	Tax Per share	Total amount Distributed
1999/2000	2,000,000	0.15	0.075 euro	304 898 euro
2000/2001	2,000,000	0.20	0.10	402 465 euro
2001/2002	2,000,000	0.28	0.14	560.000 euro

2: EXTRAORDINARY GENERAL MEETING:

2-1: Issue of securities

To finance the development of the activity

- either through internal growth or through acquisitions - and to deal with a public offer to purchase or exchange, you are asked to give the Board authorization to issue shares and to issue securities giving access to the capital of the company, with or without preferential subscription rights.

These operations are available on the terms contained in the draft resolutions.

2-2: Capital increase through a PEE

You are also requested to kindly authorize the Board of Directors to increase share issue by capital reserved for members of a company savings plan (PEE).

2-3: Options to subscribe for or purchase shares

The resolutions draft details the conditions under which the board would be authorized to grant to certain employees and officers options to subscribe for or purchase shares of the company.

2-4: Authorization to trade on the stock exchange on own shares of the company

The Board of Directors is seeking the renewal of the authorization to operate on the stock exchange on own shares of the company, according to the draft resolution.

2-5: Option for the payment of dividend in shares

It is proposed to each shareholder regarding the dividend assessed under this

Meeting, an option between payment of the dividend in cash or in shares to create enjoyment to April 1 2003.

This option will cover 60% of the dividend distribution, or 0.192 euro per share. The share issue price to create the dividend payment will be equal to 90% of the average opening price over the twenty trading days preceding the date of this General Meeting less the net amount of the dividend. The ex-dividend on September 1, 2003. Shareholders wishing to opt for payment of a dividend in shares will have a period between 1 September 2003 and 24 September 2003 to make a request to their financial intermediary. Any shareholder who has not exercised his option within this period will receive dividends paid him in cash. The option may be exercised by each shareholder on 60% of their dividend. The dividend will be payable in cash as of September 24, 2003. If the dividend to which each shareholder is entitled does not correspond to a whole number of shares, it will indicate in the application form, at their choice, if he wishes to receive the immediately higher number of shares by paying the difference in cash. This payment must accompany the decision of the shareholder. Otherwise, it will be considered subscribing to the number of shares immediately below. The shares created will be fully assimilated to existing shares subject to their effective date. if he wishes to receive the immediately higher number of shares by paying the difference in cash. This payment must accompany the decision of the shareholder. Otherwise, it will be considered subscribing to the number of shares immediately below. The shares created will be fully assimilated to existing shares subject to their effective date. if he wishes to receive the immediately higher number of shares by paying the difference in cash. This payment must accompany the decision of the shareholder. Otherwise, it will be considered subscribing to the number of shares immediately below. The shares created will be fully assimilated to existing shares subject to their effective date.

2-6: Ratification of the appointment of two directors

Finally, you are asked to ratify the appointment of Mr. Eric Gruau, replacing Mr. Robert NACCACHE resigned, and Thierry NACCACHE, as directors of the company.

Board of directors

BALANCE SHEET ASSETS (in euro)

SECTIONS	gross	depreciation	31-Mar-03	31-Mar-02
GAP ACQUISITION	128 997	90299	38698	51598
INTANGIBLE ASSETS				
Administration fees	281159	281159		64,562
Research and development expenses				
Concessions, patents, similar rights	2323189	337823	1985366	2075027
Leasehold	38,112		38,112	38,112
Other intangible assets	6098		6098	6098
Intangible assets in progress	52000		52000	
PROPERTY				
grounds				
constructions				
Plant, machinery	789980	201166	588814	244668
Other property	401 550	181945	219 605	252957
Advances and deposits				
INVESTMENTS				
participations	31860		31860	31937
Other participations				
Receivables from participations Other investments				
Loans				
Other financial assets	213467	49890	163577	292069
FIXED ASSETS	4266412	1142282	3124130	3057028
INVENTORIES AND WORK IN PROGRESS				
Stocks of Goods	3388212	32700	3355512	3451437
Advances paid to suppliers	102 072		102 072	
RECEIVABLES				
Customer receivables and accounts piecing	2669793	26472	2643321	1954037
Deferred tax assets	3115		3115	
other receivables	752769	6208	746 561	503704
availability	843483		843483	1413742
REGULARISATION ACCOUNT				
Prepaid expenses	18975		18975	115812
CURRENT ASSETS	7778419	65,380	7713039	7438732
Deferred expenses over several years	27186		27186	75155
active conversion deviation	98,046		98,046	10718
TOTAL	12,170,063	1 207 662 10 962 401 10 581 633		

LIABILITIES (in euro)

SECTIONS	31-Mar-03	31-Mar-02
Share capital	714993	609796
Premium	1788060	
Legal reserve	60980	60980
Other reserves	2132133	1132133
group reservations	55244	200455
Retained earnings	56,136	312554
THE RESULT OF THE EXERCISE	310406	1158372
EQUITY	5117952	3474290
Interest income excluding non-group group		
MINORITY INTERESTS		
Provisions for risks and charges	126 059	24018
Deferred tax liabilities		3577
PROVISIONS RISKS, CHARGES	126 059	27595
FINANCIAL DEBTS		
Borrowings from credit institutions	2775786	1888812
Loans and financial debts	532774	1885268
Advances received on contracts in progress		65292
EXPLOITATION DEBT		
Trade payables and related accounts	1616213	2034014
Social and tax debts	496 398	979565
OTHER DEBTS		
Other debts	209 603	42538
REGULARISATION ACCOUNT		
Deferred	87616	128 437
DEBTS	5718390	7023926
Liabilities Translation differences		55822
TOTAL	10,962,401	10,581,633

INCOME STATEMENT 1^{era} part (in euro)

SECTIONS	la France	Export	31-Mar-03	31-Mar-02
Sale of goods	3305041	8214276	11,519,317	13,527,146
Production sold goods sold production services	199492	534784	734 276	327082
NET SALES	3504533	8749060	12,253,593	13,854,228
Immobilised production			15000	
Operating grants				
Reversals depreciation, provisions, expense transfers			163396	366 120
Others products			48885	29613
EXPLOITATION PRODUCT			12,480,874	14,249,961
Purchases of goods (and duties)			7052762	6970077
Change in inventories of goods			89698	556452
Purchases of raw materials, supplies			38457	26912
Other purchases, external expenses			2593940	2704481
Taxes and similar payments			128 424	62016
Salaries and treatments			827608	776700
social security costs			301606	245 009
Depreciation Depreciation on fixed assets			407157	386 120
Depreciation Depreciation expense to allocate charges to provisions on current assets			81,075	134 573
Depreciation provisions for risks and charges			112 759	13300
Other expenses			460634	507187
EXPLOITATION CHARGES			12,094,120	12382827
OPERATING INCOME			386754	1867134
Investment income			6060	10337
Products other securities, receivables immob.			1975	
other interests and similar products			86681	11762
Reversals of provisions and expense transfers			23,214	12760
Foreign exchange gains			326 140	148 411
Net income transfers securities				
FINANCIAL PRODUCTS			444070	183270
Financial allocations amortization, provisions			49890	23,214
Interest expense			206 276	191207
Foreign exchange losses			323973	122233
Net expenses disposals securities				22
FINANCIAL EXPENSES			580139	336 676
BOTTOM LINE			<136069>	<153406>
CURRENT RESULT BEFORE TAX			250685	1713728

INCOME STATEMENT 2th part (in euro)

SECTIONS	31-Mar-03	31-Mar-02
Extraordinary income from management operations	60967	63010
Extraordinary income from capital transactions	175960	405288
Reversals of provisions and expense transfers		
EXCEPTIONAL PRODUCTS	236 927	468298
Extraordinary expenses on management operations	68,213	138 210
Extraordinary expenses on capital transactions	3017	206339
Exceptional depreciation, amortization, provisions		
EXTRAORDINARY CHARGES	71,230	344549
EXCEPTIONAL RESULT	165 697	123 749
employee participation in profit-sharing Income taxes	99768	654851
Deferred income taxes	- 6692	11354
Income from consolidated companies	323306	1171272
Depreciation Depreciation difference acquisition	12900	12900
consolidated set of results	310406	1158372
Group results	310406	1158372
Profit excluding		

1.1.1.1. Consolidation methods and principles

The Group's accounts are consolidated in accordance with French accounting principles and are prepared in accordance with the provisions of the decree of 22 June 1999 approving the regulation CRC 99-02. The principle of consistent accounting methods is respected.

The data below are presented in thousands of euro.

1.1.1.2. Important event occurred during exercise

Changing Stock Market.

On 4 July 2002 the company changed its stock market by Free Market transfer operation on the Second Marché of Euronext. This operation allowed the lifting of 2144 keuro.

1.1.1.3. Events after the balance sheet date

In accordance with CRC 2000-06, contingent liabilities occurred since the end are described below. These were not the subject of provisions in the financial statements at 31 March 2003.

tax fine

The French government has rectified the Cybergun company by issuing a tax fine of 45keuro dated April 27, 2003 under the non-production of its foreign Licensors tax residency certificates.

It was established a protest dossier accepted by the administration and the fine will be waived for the production of so-called certificates. Therefore, this contingent liability is not funded.

URSSAF control

Cybergun The company has been a URSSAF recovery under ZFU exemptions totaling 150 keuro. Faced with little consistency URSSAF's file and depending on the positions taken by the lawyers of the company, it had been spent no provision in the previous year. On 8 April 2003, the case was reviewed by the Appeals Board of the URSSAF and conclusions now his position is not based on any new information. They are only the resumption of the recovery notification.

Consequently, the position adopted by the Cybergun company at the close of March 31, 2002 is maintained and no provision is recognized

1.1.1.3.1. Consolidation methods

The consolidation method used is the global integration for companies in which the group directly or indirectly controls more than 50% of capital.

Are integrated into the parent company's accounts the elements of the consolidated accounts of companies, after any restatements to ensure consistency with the accounting policies of the group.

1.1.1.3.2. Transactions between consolidated companies and internal profits and losses are eliminated.

Only are left out of some consolidation

Companies whose importance is not significant within the meaning of Article L233-19 of the Commercial Code and for which the information required for the consolidated accounts can not be obtained without undue cost or timeframe compatible with the production of financial state. As such, are not included in the scope of the group companies with accumulated turnover is less than 1% of consolidated net sales and whose detention rate by the group is less than 50% .

1.1.1.3.3. Consolidation

The companies consolidated by the group are:

Parent company :

CYBERGUN SA

11, the Little Bridge Street - 75005 PARIS - France SIREN No.:

33764379500046

Subsidiary :

Microtrade

3 Rue des Foyers - L1537 Luxembourg%

interest: 100% - Method: IG

1.1.1.3.3.1. Change in percentage interest with no change in consolidation method

None.

1.1.1.3.3.2. Excluding the perimeter

CHL company

This company is excluded from the scope of consolidation due to the insignificant nature of its business volume and earnings. Freiburghaus company

CYBERGUN having no significant influence on the FREIBURGHaus company, it was excluded from the scope of consolidation.

1.1.1.3.4. Closing Dates

All companies in the scope of consolidation close their financial year on 31 March.

1.1.1.3.5. foreign companies Conversion Methods

The single consolidated foreign company is considered autonomous, the accounts of the company are held in euro.

1.1.1.3.6. Comparability of accounts

1.1.1.3.6.1. United synthesis

The published statements (balance sheet, income statement, changes in equity tables and cash flow) have values at March 31, 2003 (or 1 April 2002 to 31 March 2003) compared to 31 March 2002 (or April 1 2001au 31 March 2002).

1.1.1.3.6.2. Entries in the scope of consolidation

None.

1.1.1.4. Accounting principles and valuation methods

The consolidated financial statements at 31 March 2003 are prepared in accordance with the accounting rules in compliance with the principles of prudence, independence exercises and business continuity.

1.1.1.4.1. Changes in accounting policies

The Group has complied with from 1 April 2002 to CRC Regulation 2000-06 relating to liabilities. Its application had no impact on the accounts.

1.1.1.4.2. deviations acquisition

Goodwill is the difference between the cost of acquisition and evaluation of the share of assets and liabilities at the acquisition date and recorded at fair value.

1.1.1.4.2.1. Positive Goodwill

Positive differences are amortized on a straight over periods determined case by case depending on the assumptions used in the acquisition.

The differences by the Group are amortized over a period of ten years.

1.1.1.4.2.2. Negative goodwill

None.

1.1.1.4.3. intangible assets

Administration fees

These IPO costs, depreciated over a 3 year period using the straight.

Concessions, patents, trademarks

The trademark registration rights, trademarks registrations paid by INPI, WIPO and other organizations provide protections for 10 years minimum. They are then renewed for a period of 10 years. These investments are amortized over 10 years on a straight. The COLT reproduction exclusive license is depreciated according to the term of the contract is 30 years, using the straight.

The exclusive license to reproduce SIG SAUER depreciated according to the duration of the contract is 10 years, using the straight.

Software is depreciated over 1 year on a straight.

1.1.1.4.4. tangible assets

Land, buildings, technical installations and other fixed assets are valued at acquisition cost or production.

Depreciation is generally charged the following rates and methods:

Designation	duration	Fashion
of depreciation amortization		
Construction	20 years	Linear
fixtures	5 to 10 years	Linear
showcases sustainable and equipment	10 years	Linear
Transportation equipment	3 years	Linear
furniture	4 to 5 years	Linear
office and computer equipment	4 to 5 years	Linear or declining
demonstration equipment	5 years	Linear

1.1.1.4.5. Leasing

The Group applies the preferred method of reprocessing of finance lease contracts.

1.1.1.4.6. Non-consolidated investments

Non-consolidated investments are capitalized for historical gross value, that is to say at their acquisition cost or their contribution value. When the book value of equity is lower than the gross value, a provision is made for the difference.

The inventory value is determined by reference to the net book value and the utility value of the company.

1.1.1.4.7. stocks

Inventories of goods and accessories are valued at average weighted purchase cost per unit. Unlike past years, during which the exchange rates and purchasing prices were slightly fluctuating, these have been the year of the amplitudes of variations such as the previously chosen valuation method was no longer appropriate. These new terms, reflecting better information on 31 March 2003, would not have a material impact on the value of the stock on March 31, 2002. The slow-moving items are subject to a valuation allowance.

1.1.1.4.8. Consideration of unfinished contracts at year end

None.

1.1.1.4.9. Receivables and payables

Receivables and payables are stated at their nominal value. A provision for impairment is recorded when there is a probable loss in accordance with the precautionary principle. Provisions for impairment recognized are individualized and not the result of an overall estimate.

1.1.1.4.10. Investment grants

None.

1.1.1.4.11. Provisions for risks and charges

A provision is recognized when there is a legal or constructive obligation to a third party, resulting from past events, probably or certainly lead to an outflow of resources and whose assessment can be carried out with sufficient reliability.

Provisions include:

- pension obligations and other benefits
- Deferred tax liabilities
- provisions for foreign exchange losses

1.1.1.4.12. Pensions and other benefits granted to employees of French companies

The retirement indemnity commitments are taken into account by provisions for retirement in the group companies.

The pension provisions were calculated by evaluating using the retrospective method that the Group should pay its employees who retire based on:

- social legislation and the collective agreement,
- the remaining service period of employees expected to present at the time of retirement based on the employee turnover rates and mortality tables
- salaries revalued until the retirement date
- the discount rate.

1.1.1.4.13. deferred taxes

The corporate income tax is recognized taking into account the deferred tax but also latent:

"Deferred" related to temporary differences between an asset or a liability to its carrying value and the tax value, "latent": specifically related to takeovers where the tax value of depreciation is different from those calculated on the fair value .

The adjustments made to the financial statements of the consolidated companies to make them consistent with Group accounting principles or to eliminate the effect of tax laws and the existence of timing differences on taxation, generate differences between taxable income and profit before tax. These differences result in the recognition of deferred taxes presented as assets or liabilities by tax entity.

1.1.1.5. Explanations of balance sheet items and their variations NOTE 1

GOODWILL

Job description positive goodwill in thousands of euro:

companies concerned	Acquisition date	deviations acquisition			Amortization			duration
		Beginning of period Gross value	Augment.	End of period Gross value	beginning period	endowment	End period	
Microtrade	04/01/00	129		129	77	13	90	10 years
TOTAL		129		129	77	13	90	10 years

NOTE 2: INTANGIBLE ASSETS

Changes in intangible assets and depreciation in thousands of euro are:

assets	Beginning of period	acquisitions	Mvts perimeter	disposals	End of period
Administration fees	281	-	-	-	281
Other intangible assets	2347	111	-	38	2420
Total	2628	111		38	2701

depreciation	Beginning of period	Depreciation	Mvts perimeter	Reversals	End of period
Administration fees	217	64	-	-	281
Other intangible assets	227	127	-	16	338
Total	444	191	-	16	619

Method

The practice group's liability method.

rates used

The interest rate is the rate provided for French companies at 31 March 2003 is 34.33% broken down as follows:

- tax rate on corporations.33,33%
- Additional contribution from 6 to 3% or1.00%

This rate was also 34.33% on 31 March 2002.

1.1.1.4.14. professional liability risks

nothingness

1.1.1.4.15. Receivables and payables in foreign currencies

Receivables and payables in foreign currencies are recorded at the day of the transaction. At the balance sheet date they are valued using the current sheet date. The resulting translation differences are recognized in the balance sheet under "Translation adjustments Assets and Liabilities". The active conversion gap representing a latent loss is then provisioned.

1.1.1.4.16. exceptional result

Extraordinary items are income or expenses resulting from events or transactions clearly distinct group's ordinary activities and which are not, therefore, expected to recur on a frequent or regular basis.

1.1.1.4.17. Earnings per share

Per share basic result is calculated by dividing the net result, Group share by the weighted average number of shares outstanding during the year. The calculation of diluted earnings per share takes into account as appropriate, the consequences would have had all dilutive instruments on the calculation of the period and the number of shares.

NOTE 3: PROPERTY

Changes in thousands of euro are as follows:

assets	Beginning of the period	Acquisitions	Mvts perimeter	disposals	Other movements	End of period
grounds						
Construct. on home soil						
Plant and tool. Industrials.	348	442				790
General installations, fittings, various	259			6		253
Transport equipment (1)		21				21
Office supplies, computers, furniture	141	4		17		128
Advance payments						
Total	748	467		23		1192

(1) Including reprocessing Leasing: 21 Keuro

depreciation	Beginning of period	Depreciation	Mvts perimeter	Decreases	Other movements	End of period
grounds						
Buildings on own land	103	110		15		198
Technical installations, tools						
Transport equipment (1)		3				3
Other property	147	55		20		182
Total	250	168		35		383

(1) Including reprocessing Leasing 3 Keuro

NOTE 4: FINANCIAL ASSETS

Changes in financial assets in thousands of euro:

	beginning period	Evolution perimeter	Acquisitions	Disposals	Allowance	Reversal the prov	End period
Non-consolidated and other investments participation	32						32
Securities							
Other financial assets (1)	304		8	98			214
Total	336		8	98			246
Provisions (1)	- 12				- 50	12	- 50
Net value	324		8	98	- 50	12	196

Non-consolidated investments include:

companies	Percentage of capital in%	Equity	Earnings for the previous year	Net value
Freiburghaus	22.22	191	80	25
CHL	50.00	20	10	4
Various				3
TOTAL				32

(1) Shareholders Action

On 31 March 2003, 7052 dinancières assets include treasury shares (Cybergun shares) for a total purchase price of 97 491 euro, against 6863 shares at 31 March 2002.

These actions are provided for at 49 890 euro to reflect the decline in market value over the period.

NOTE 5: RECEIVABLES

Breakdown of receivables by type and maturity in thousands of euro:

Nature	Gross total	- 1 year	Deadline		Depreciation	Net total
			Year 1	+ 5 years		
Trade accounts receivable (1)	2670	2670			26	2644
Advances, payments on orders	0	0			0	0
Deferred tax assets	3	-	3		-	3
other receivables	753	753			6	747
Active conversion gap	98	98			0	98
Total	3524	3521	3		32	3492

(1) March 31, 2003, the Company Cybergun has a debt of 1769 Keuro (including 1737 K US \$ valued at the closing) to society Softair USA, principal partner Cybergun in its development in North America. As of writing paths pre-, this debt decreased by 337 Keuro.

NOTE 6: DEFERRED TAX ASSETS

The amount of the deferred tax liability is analyzed as follows:

31/03/2002		
Deferred taxes due to temporary differences	3	0
Tax credits	-	-
Tax loss carryforwards	-	-
Total	3	0

Statement of changes in consolidated equity, Group share (in thousands of euro):

(1) 2144 keuro raised during the transfer of the free market on the Second Marché, were assigned to the increase in capital to 105 Keuro, and the item "share premium" for the balance. The related costs were deducted from the share premium amounting to 251 Keuro after impact of the corporate tax. The issue premium net thus amounts to 1788 keuro.

NOTE 8: MINORITY INTERESTS

None.

NOTE 9: PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for risks and charges are broken down as follows (in thousands of euro):

	Beginning of period	Transfer station / post	Increase	Decrease	End of period
Risk provisions	11		107	10	108
Provisions for expenses	13		5		18
Total	24		112	10	126

NOTE 10: GOODWILL DETAIL JOB ACQUISITION NEGATIVE

None.

NOTE 11: DEFERRED TAX LIABILITIES

The amount of the provision for deferred taxes can be analyzed as follows (in thousands of euro):

	31/03/2003	31/03/2002
Deferred taxes due to temporary differences	-	4
deferred taxes	-	-
Total	-	4

NOTE 12: LOANS AND BORROWINGS

Details of loans by type and maturity (in thousands of euro):

Nature	Amount Exercise	Amount 1 year or less	Amount to over 1 year and more than 5 years	Totaling more 5 years
Loans from banks	2287	1017	1270	
Liabilities on finance leases	20	5	15	
Bank overdrafts	469	469		
Other	533	533		
Accrued interest				
Total	3309	2024	1285	

NOTE 13: FINANCIAL INSTRUMENTS

• Risk variable rate

Interest rate risk	Less than a year	1 to 5 years	Over 5 years	TOTAL
bank loans with variable rates	177	186		364
TOTAL	177	186		364

• Risk of change

The Cybergun Group conducts its business mainly in Euro and US Dollars. To hedge its foreign currency risk to variations unfavorable of the course of these two currencies, Cybergun cover its debts by currency equivalent amounts of debt.

1.1.1.6. Explanation of items in the income statement and their variations NOTE 14: LISTED

ON DEPRECIATION AND PROVISIONS

The depreciation, amortization and provisions break down as follows:

	31/03/2003	31/03/2002
operating provisions Resume	163	345
financial provisions Resume	23	13
exceptional provisions Resume Transfer of charges		21
Total	186	379

NOTE 15: OTHER PURCHASES AND EXTERNAL CHARGES

	31/03/2003	31/03/2002
Subcontracting	148	154
Rent, service charges	306	357
Maintenance and repairs	15	24
Insurance premiums	94	88
external staff	31	79
Fees	353	220
Communication	366	403
postage and telecommunications.	82	99
other accounts	1198	1280
Total	2593	2704

NOTE 16: EMPLOYEES

The workforce includes employees eligible employees, that is to say all persons having an employment contract and paid directly by the company and staff available, temporary staff and seconded or loaned to the business for entities fully consolidated.

Average number of employees broken down by category:

	Average number of employees at 31/03/2003	Average number of employees at 31/03/2002
employees	20	27
Supervisors Managers	8	5
Available		
Total	28	32

NOTE 17: AMORTIZATION AND PROVISIONS

Depreciation and amortization in thousands of euro are distributed as follows:

	31/03/2003	31/03/2002
Depreciation and amortization :		
• Intangible assets	191	194
• Tangible assets	168	143
• Of deferred charges	48	49
• Outstanding capital	0	0
• Property leased funding	0	0
Additions to provisions:		
• For impairment of assets	0	0
• Impairment of current assets	81	135
• For risks and charges	113	13
• Impairment of financial items	50	23
• Impairment exceptional items	0	0
Total	636	557

NOTE 18: FINANCIAL RESULT

Financial income in thousands of euro breaks down as follows:

	31/03/2003	31/03/2002
Financial products :		
• Financial income from investments, securities and receivables	7	10
• other interests and similar products	89	12
• Reversals of provisions and expense transfers	23	13
• Foreign exchange gains	326	148
• Net gains on sale of securities	0	0
Total financial income	445	183
Financial expenses		
• Interest expense related	206	191
• Financial depreciation and provisions	50	23
• Foreign exchange losses	324	122
• Net losses on sale of securities	0	0
Total financial expenses	580	336
bottom line	- 135	- 153

NOTE 19: EXCEPTIONAL

Exceptional items in thousands of euro may break down as follows:

	31/03/2003	31/03/2002
Proceeds from sales of assets sold	176	405
Reversals of provisions		
Other Expense transfers		
	61	63
Net book value of assets sold	- 3	- 109
Exceptional depreciation Provisions for risks Other charges		
	- 68	- 235
exceptional result	166	124

NOTE 20: INCOME TAXES

Rationalization of taxes:	31/03/2003	31/03/2002
Income tax	100	666
- Deferred taxes	- 7	- 11
= Charges tax on the consolidated results	93	- 655
- Theoretical tax rate 34.33% ...	143	644
= Tax Difference	- 50	11
Analysis of this difference:	loads	products
Effects of permanent differences between consolidated profit and taxable results	25	0
Using loss carry previously unactivated	0	0
Taxation of earnings of companies at different rates	0	0
issuance costs included in the premium	0	75
Tax credits	0	0
other differences	-	-
Total	25	75
net difference	50	

1.1.1.7. Other information

1.1.1.7.1 Segment Information In thousands of euro

The Group operates in a single business: the distribution of fake replica weapons for shooting sports or leisure, video games and collectors.

Location	la France	Rest of the world	TOTAL
31/03/2002 exercise			
Net Tangible Assets	237	261	498
Turnover	4775	9079	13854
31/03/2003 exercise			
Net Tangible Assets	207	602	809
Turnover	3505	8749	12254

1.1.1.7.2 Reconciliation of between statutory and consolidated accounts

(In thousands of euro)

Social outcomes:	328
restatements:	
Leasing	
Regulated provisions and retirement benefits recognition of unrealized foreign exchange gains	50
Internal transactions:	
Elimination of internal transactions group	27
Elimination of dividends from subsidiaries	- 20
Deferred taxes	
Deferred taxes for the year	- 7
NET INCOME FROM CONSOLIDATED COMPANIES	323
Net amortization of goodwill	- 13
Income from equity affiliates Minority interests	
CONSOLIDATED INCOME GROUP SHARE	310

1.1.1.7.3 Executive Compensation

Total remuneration paid to members of the Board of Directors of the parent company: 32 Keuro

1.1.1.7.4 Commitments and contingencies

Commitments given or received in thousands of euro by the Group are analyzed as follows:

Engagement Categories	Total
commitments given	
guarantees	
Pledge of goodwill	1352
Notes receivable discounted	338
Leasing (1)	20
commitments received	
Guarantees of Mr. Jerome Marsac	968

(1) The company has signed in August 2002 a lease agreement for a period of 4 years on a passenger car of a new value of 20 keuro.

1.1.1.7.5 Cash flow

	31/03/2003	31/03/2002
Cash flows for the activity		
Net income of consolidated companies	310	1158
Elimination of expenses and income not affecting cash or not related to operations:		
- <i>Amortization and provisions</i>	415	4
- <i>Change in deferred taxes</i>	- 7	
- <i>Gain on sale, net of tax</i>	- 176	- 199
Translation differences on CIF		2
Cash flow from consolidated companies	542	965
working capital requirement Changes related to operating activities		
- <i>Inventories (net)</i>	96	461
- <i>Trade receivables (net)</i>	- 810	448
- <i>Exploitation debt</i>	- 774	2003
net cash flow generated by the activity (A)	- 946	3877
Cash flows from investing activities		
Acquisitions of fixed assets	586	987
Disposals of property	- 159	- 484
Net cash used in investing activities (B)	- 427	- 503
Cash flows from financing activities		
Dividends paid to shareholders of the parent company	- 560	- 403
Change in other equity	1893	
Net change in loans	- 986	2574
Net cash used in financing activities (C)	347	- 2977
cash change (A - B + C)	- 1026	397
Opening cash	1414	1017
Closing cash	388	1414

General Report of the Statutory Auditors

Ladies and gentlemen,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present our report for the year ended 31 March 2003 on:

- * the audit of the annual accounts of the company Cybergun SA, as attached to this report;
- * The specific procedures and information required by law.

The annual accounts were approved by the Board of Directors of May 24, 2003. It is our responsibility, based on our audit, to express an opinion on these accounts.

1 - Opinion on the annual accounts

We conducted our audit in accordance with professional standards applicable in France; These standards require the implementation of procedures to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. It also includes assessing the accounting principles used and significant estimates made in preparing the financial statements and evaluating their overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed below. We certify that the financial statements are in accordance with French accounting rules and principles,

2 - Specific verifications and information

We also performed in accordance with professional standards in France, the specific verifications required by law.

We have no comment to make on the sincerity and consistency with the financial statements of the information given in the management report of the Board of Directors and the documents sent to shareholders on the financial position and financial statements. In law enforcement, we verified that the information concerning the purchase of investments and controlling interests and the identity of the shareholders has been properly disclosed in the management report.

Auditors Laval and Paris, 6 June 2003

Frank Associated
Christmas

Pascal Chancereul
associate

Jean-Louis Rouzé
associate

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of KPMG SA**
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PARIS

Михаил Тимофеевич
КАЛАШНИКОВ

Генерал-Лейтенант
Главный Конструктор
Доктор Технических Наук
Президент Союза Российских Оружейников

ATTESTATION

The undersigned, Mikhail Timofeevitch KALASHNIKOV, having its principal office at Sovetskaya Str., 21A # 46, Izhevsk, 426076 Russian federation, hereby declares that:

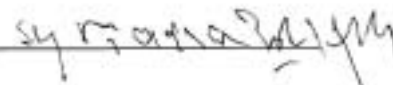
He is the designer of the famous firearm "KALASHNIKOV" and consequently the owner of the copyright and all attached Intellectual Property rights, including design, of all of KALASHNIKOV's firearms (the "Property");

No third parties may use the Property without authorization;

CYBERGUN S.A. 3P Les Trois Pylones (CYBERGUN*), Bondoufle, France, and KALASHNIKOV have entered into a Master License Agreement, dated April 1st, 2003, pursuant to which CYBERGUN is the exclusive worldwide licensee of the Property in relation to the manufacture, distribution, and sale of (i) Soft Air guns, or (ii) games and toys consisting in or using replicas of weapons.

Pursuant to the Master License Agreement, CYBERGUN has the right to enter into sublicensing agreements authorizing other entities to use the Property .

Pursuant to the Master License Agreement, CYBERGUN has the right to take legal action, in jurisdictions where this would be permissible, against potential infringers of the Property, including prosecuting claims against third party infringers.

By: 

Mikhail Timofeevitch KALASHNIKOV

Date: 11.06.2003.